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**ST. TAMMANY ECONOMIC
DEVELOPMENT FOUNDATION, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

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Silva & Associates, LLC

Certified Public Accountants

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Kenneth J. Abney, CPA, MS Acct-Tax

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Tammany Economic Development Foundation, Inc.
Mandeville, Louisiana

We have audited the accompanying Statement of Financial Position of St. Tammany Economic Development Foundation, Inc. (a Louisiana non-profit corporation) (the "Foundation") as of December 31, 2007, and the related Statement of Activities and Changes in Net Assets and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Tammany Economic Development Foundation, Inc. as of December 31, 2007, and the results of its activities and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2008 on our consideration of St. Tammany Economic Development Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Silva & Associates, LLC

July 9, 2008

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ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2007

ASSETS

Current assets	
Cash and cash equivalents	\$ 148,262
Pledges receivable	62,700
Grants and other government receivables	183,089
Interest receivable	380
Prepaid assets	<u>1,425</u>
Total current assets	\$ 395,856
Fixed assets	
Leasehold improvements	\$ 11,261
Building and improvements	218,974
Office equipment	25,037
Furniture & fixtures	43,382
Software	<u>22,479</u>
	<u>\$ 321,133</u>
Accumulated depreciation	<u>(60,607)</u>
Total fixed assets	\$ 260,526
Other assets	
Donated land held for investment	\$ 1,132,000
Restricted cash	36,649
Restricted investments - certificates of deposit	<u>70,451</u>
Total other assets	<u><u>1,239,100</u></u>
Total assets	<u><u>\$ 1,895,482</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued liabilities	\$ 400
Accrued payroll expenses	<u>19,420</u>
Total current liabilities	<u>\$ 19,820</u>
Compensated absences	\$ 17,500
Long-term debt	<u>220,000</u>
Total liabilities	<u>\$ 257,320</u>
Net assets	
Unrestricted	\$ 1,323,294
Temporarily restricted	207,768
Permanently restricted	<u>107,100</u>
Total net assets	<u>\$ 1,638,162</u>
Total liabilities and net assets	<u><u>\$ 1,895,482</u></u>

The accompanying notes are an integral part of this statement

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Intergovernmental revenue	\$ 165,288	\$ -	\$ -	\$ 165,288
Contributions	43,100	-	-	43,100
Grants	40,826	-	-	40,826
Administrative fees	18,000	-	-	18,000
Other income	3,710	-	-	3,710
Interest income	3,494	-	3,309	6,803
Net assets released from restrictions	126,643	(126,643)	-	-
Total revenues and support	\$ 401,061	\$ (126,643)	\$ 3,309	\$ 277,727
EXPENDITURES				
Salaries	\$ 164,498	\$ -	\$ -	\$ 164,498
Advertising	24,512	-	-	24,512
Contract labor	4,920	-	-	4,920
Demographic information	19,070	-	-	19,070
Depreciation	7,670	-	-	7,670
Dues and subscriptions	3,204	-	-	3,204
Employee benefits	38,022	-	-	38,022
Grant expense	94,277	-	-	94,277
Insurance	8,244	-	-	8,244
Interest expense	8,200	-	-	8,200
Office rental	4,276	-	-	4,276
Office supplies & expenses	6,963	-	-	6,963
Other	6,811	-	-	6,811
Personnel development	1,295	-	-	1,295
Postage	1,357	-	-	1,357
Professional fees	9,700	-	-	9,700
Repairs and maintenance	1,346	-	-	1,346
Telephone and utilities	10,127	-	-	10,127
Travel and entertainment	11,335	-	-	11,335
Total expenditures	\$ 425,827	\$ -	\$ -	\$ 425,827
Changes in net assets	(24,766)	(126,643)	3,309	(148,100)
Net assets-beginning of year	\$ 1,348,060	\$ 334,411	\$ 103,791	\$ 1,786,262
Net assets-end of year	\$ 1,323,294	\$ 207,768	\$ 107,100	\$ 1,638,162

The accompanying notes are an integral part of this statement

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ (148,100)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	7,670
Changes in operating assets	
Increase in receivables and other assets	118,649
Changes in operating liabilities	
Increase in accounts payable and accrued liabilities	(8,150)
Increase in compensated absences	<u>3,484</u>
Net cash provided by operating activities	\$ (26,447)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	<u>\$ (255,550)</u>
Net cash used in investing activities	<u>\$ (255,550)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest on certificates of deposit	\$ (2,849)
Proceeds from issuance of long-term debt	<u>220,000</u>
Net cash used in capital and related financing activities	<u>\$ 217,151</u>
Net increase in cash and cash equivalents	(64,846)
Cash and cash equivalents - beginning of year	<u>\$ 249,757</u>
Cash and cash equivalents - end of year	<u><u>\$ 184,911</u></u>

The accompanying notes are an integral part of this statement

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Organization

St. Tammany Economic Development Foundation, Inc. (the "Foundation") was incorporated in the state of Louisiana as a non-profit corporation. The Foundation was formed to provide for the economic and industrial welfare of St. Tammany Parish. The Foundation's members are made of business and governmental entities within St. Tammany Parish. The Foundation promotes industry through advertising, counseling and demographic assistance. Sources of revenue include donations, parish and city investments, grants and state funding financed by hotel/motel occupancy taxes received via the St. Tammany Parish Development District, which is a related party managed by the Foundation.

Basis of Accounting

The accompanying financial statements of the St. Tammany Economic Development Foundation, Inc. have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Presentation

Net assets of the Foundation and changes therein are classified and reported as follows:

- a) Unrestricted net assets are not subject to donor-imposed stipulations.
- b) Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation and/or the passage of time.
- c) Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Permanently restricted assets are primarily comprised of the proceeds of grants from the U.S. Department of Agriculture's Rural Economic and Community Development Office. The proceeds of these grants are restricted for the purpose of making low-interest loans to St. Tammany Parish businesses. Collections of notes receivable and investment earnings are also restricted and can be loaned in future years.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains or losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents represent demand deposits and other investments with purchased maturities of three months or less. At December 31, 2007, the Foundation had cash and cash equivalents (bank balances) totaling \$259,621 at two local financial institutions. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must, at all times, equal the amount on deposit with the fiscal agent. As of December 31, 2007 these deposits are secured from risk by \$100,000 in federal deposit insurance and \$337,069 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment donated to the Foundation are recorded at their fair market values at the date of donation. Depreciation is provided over the estimated useful lives of exhaustible assets on a straight-line basis over lives ranging from 3 to 39 years.

Income Tax Status

Under provisions of the Internal Revenue Code, Section 501 (c) (6), and the applicable income tax regulations of Louisiana, the Foundation is exempt from taxes on income other than unrelated business income. For the year ended December 31, 2007, the Foundation has no unrelated business income.

Receivables

The Foundation carries accounts receivable at cost.

NOTE B – RECEIVABLES

Pledges receivable consist of contributions from private companies made to match funds on economic development grants received by the foundation from various state and federal governmental entities.

Grants and other government receivables represent grants receivable from the state and reimbursements due from the State received through the St. Tammany Parish Development District, a related party, in 2008 for Foundation economic development expenses incurred during 2007. As of December 31, 2007, \$149,568 is due from the state for grants receivable, \$10,000 is due from the St. Tammany Parish Government for matching funds under state government grants, and \$23,521 is due from the St. Tammany Parish Development District for reimbursement of economic development expenses.

NOTE C – NET ASSETS

Permanently restricted net assets at December 31, 2007 consisted of grants from the U.S. Department of Agriculture's Rural Economic and Community Development Office used to purchase certificates of deposit held by financial institutions and for the purpose of making low-interest loans to St. Tammany Parish businesses. Collections of notes receivable and investment earnings are also restricted and can be loaned in future years. There were no loans outstanding as of December 31, 2007.

NOTE D – DONATED LAND HELD FOR INVESTMENT

In December 2006, a private company donated a parcel of land to support the activities of the Foundation. The estimated value of the asset transferred was \$1,132,000. The Foundation recorded contribution support for the donation at the estimated fair value of the land and recorded the land as an unrestricted asset.

ST. TAMMANY PARISH ECONOMIC DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E - LEASE

The Foundation has entered into a lease for office space, which is classified as an operating lease. Lease expense for the year ended December 31, 2007, was \$4,276. The current lease expired on December 1, 2007. The lease was not renewed.

NOTE F - LONG-TERM DEBT

As of December 31, 2007, the Foundation has long-term debt of \$220,000 with a local financial institution that expires on April 30, 2009. The long-term debt carries an interest at prime less 1.5% and is adjusted daily. At December 31, 2007, the rate was 5.75%. The debt is secured by a building. The principal is payable in full at the end of the term of the loan. Interest is paid each month. As of December 31, 2007, the interest expense for the long-term debt was \$8,200. There was no long-term debt as of December 31, 2006.

NOTE G - GRANTS

The Foundation received three grants from the state during 2006 and one grant from the state during 2007. According to Paragraph 22 of SFAS No. 116, the promise or transfer is accounted for as unconditional if the future event on which it depends has only a remote chance of not occurring. Since the likelihood of the Foundation not meeting the conditions of the grants is remote, accruals were made for any revenue that was anticipated but had not yet been received by December 31, 2007.

The Economic Adjustment Assistance grant, CFDA #11.307, is passed through the Louisiana Department of Economic Development from the Economic Development Administration, Department of Commerce. The grant is to provide assistance to existing enterprises in St. Tammany Parish and to attract new and replacement operations to the area in the aftermath of Hurricanes Katrina and Rita. According to the terms of this grant, the Louisiana Department of Economic Development will reimburse the Foundation for expenses incurred in this endeavor up to a maximum of \$100,000. As of December 31, 2007, the Louisiana Department of Economic Development had reimbursed the Foundation for \$64,469 in expenditures.

The Tier II I-12 Corridor Project is part of the Louisiana Vision 2020 program. The purpose of the I-12 grant is to identify business opportunities within a five-parish area along the I-12 corridor, creating marketing strategies that can be used to attract and retain businesses in the area. As of December 31, 2007, the Foundation had received \$5,000 from a private company, \$10,000 from the local parish government, and \$20,000 from the state. The Foundation anticipates an additional receipt of \$80,000 from the State of Louisiana.

The Tier II I-10 Technology Corridor Program is part of the Louisiana Vision 2020 program. The purpose of the I-10 grant is to identify business opportunities along I-10 from Michoud in New Orleans to the Stennis Space Center in Mississippi, in order to attract and retain technology-based employers in the area. As of December 31, 2007, the Foundation had received \$5,500 from private companies and \$20,000 from the state. The Foundation anticipates additional receipt of \$56,068 from the State of Louisiana, \$10,000 from local parish government, and \$61,700 from private sources.

The Technology Incubator grant is part of the Louisiana Vision 2020 program. The purpose of the Technology Incubator grant is to conduct a Feasibility Study and develop a Business Plan on the possibilities of establishing a Business and Technology Incubator in St. Tammany Parish. As of December 31, 2007, the Foundation had received \$13,500 from private companies. The Foundation anticipates additional receipt of \$13,500 from the State of Louisiana.

OTHER INDEPENDENT AUDITORS' REPORT

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
St. Tammany Economic Development Foundation, Inc.
Mandeville, Louisiana

We have audited the financial statements of St. Tammany Economic Development Foundation, Inc. (a non-profit corporation), as of and for the year ended December 31, 2007, and have issued our report thereon dated July 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Economic Development Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

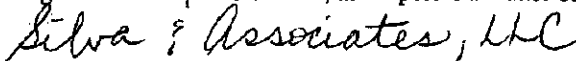
Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Tammany Economic Development Foundation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, others within the Foundation and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.


July 9, 2008

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**ST TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
Material weaknesses identified?	_____ yes	_____ X _____	no
Reportable conditions identified			
not considered to be material weaknesses?	_____ yes	_____ X _____	none reported
Noncompliance material to financial statements noted?	_____ yes	_____ X _____	no

Federal Awards

Internal control over major programs:

 Material weaknesses identified? Not applicable.

 Reportable conditions identified Not applicable.

 not considered to be material weaknesses?

Type of auditors' report issued on compliance
for major programs: Not applicable.

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510 (a)? Not applicable.

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Not applicable.

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk audit? N/A

**Section II - Internal Control & Compliance
Governmental Auditing Standards**

Internal Control

<u>Item Number</u>	<u>Agency/Program</u>	<u>Questioned Costs</u>
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Not applicable.

Section III - Management Letter

Not applicable.